

REMARKS

This communications responds to the *Office Action* having an electronic notification date of August 20, 2009. Although Applicants believe the previously pending claims fully define over the cited art, Applicants have nonetheless amended claims 1, 3-5, 9, 11-13, 16-25, 27-29, and 32 merely to advance prosecution. No claims have been canceled and no claims have been added. Consequently, claims 1-32 remain pending in the application.

Double Patenting Rejection

On page 2 of the *Office Action*, the Examiner rejected claims 1-32 under a non-statutory double patenting rejection, specifically citing to Applicants' co-pending Application No. 10/749,614. Although Applicants do not admit that the claims are obvious in view of the co-pending Application No. 10/749,614, a Terminal Disclaimer in compliance with 37 C.F.R. § 1.321(c) or § 1.321 (d) is enclosed herewith to obviate this rejection.

Rejection of the Claims under 35 U.S.C. §101

On page 4 of the *Office Action*, the Examiner rejected claims 17-24 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Specifically, the Examiner stated that, "Applicant's specification paragraph 131 discloses computer readable mediums as nonstatutory carrier waves."¹

In response, Applicants have amended claims 17-24 to recite, *inter alia*, "A machine-readable storage medium having instructions." Any instruction *capable of being stored* in a "machine-readable storage medium" cannot be considered a transitory propagating signal (*see In re Nuijten*), such as a carrier wave signal. Thus, Applicants have effectively limited claims 17-24 to exclude a carrier wave signal and, as amended, these claims are no longer directed to "non-statutory subject matter" as suggested by the Examiner. Applicants therefore respectfully request the Examiner to reconsider and remove the rejection of claims 17-24 under 35 U.S.C. §101.

¹ *Office Action* at 4.

On page 4 *et seq.* of the *Office Action*, the Examiner further rejected claims 25-32 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Specifically with regard to these claims, the Examiner stated that “a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.”²

In response, Applicants have amended independent claim 25 to recite, *inter alia*,

[D]etermining that a high proxy bid *submitted for an auction item* is less than a reserve price set *for the auction item*, the high proxy bid being the highest current proxy bid *for the auction item* and the reserve price being the minimum price at which a seller is willing to sell *the auction item*; and

in response to the determining, automatically publishing at least one of a proxy bid information set by a proxy bidder and the reserve price, the proxy bid information including the highest price that the proxy bidder is willing to pay *for the auction item*.
(Emphasis added.)

The United States Court of Appeals for the Federal Circuit (CAFC) recently ruled that a “machine-or-transformation test” is the sole criterion for patent eligibility where a “claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.”³

With regard to the second prong of the *Bilski* test, the *Bilski* court clarified how the transformation prong can be applied. The CAFC cited to the *Abele* court⁴ approvingly when it stated that, in *Abele*, the Court of Customs and Patents Appeals held unpatentable a broad independent claim reciting a process of graphically displaying variances of data. The broad claim did not specify any particular type or nature of data, nor did it specify how or from where the data were obtained or what the data represented. However, the Court held one of *Abele*’s dependent claims patentable where it specified that “said data is X-ray attenuation data produced in a two dimensional field by a computed tomography scanner”⁵ because *the data represented*

² *Ibid.*

³ *In re Bilski*, 545 F.3d 943, 954.

⁴ *In re Abele*, 684 F.2d 902 (CCPA 1982).

⁵ *Bilski* at 962.

physical and tangible objects. Claim 25 is analogous to the patentable dependent claim in *Abele* because transformation of electronically manipulated and published proxy bids or reserve prices relate directly to an underlying physical and tangible object, the auction item. Since the Court of Appeals for the Federal Circuit in the *Bilski* decision held that *Abele*'s claim was patentable subject matter, claim 25 is also patent-eligible for at least the same reasons.

We further note for clarity that the electronic transformation of the data itself into a visual depiction in *Abele* was sufficient; ***the claim was not required to involve any transformation of the underlying physical object that the data represented.*** We believe this is faithful to the concern the Supreme Court articulated as the basis for the machine-or-transformation test, namely the prevention of pre-emption of fundamental principles.⁶

Therefore, Applicants' proxy bid and reserve price, found in each element of claim 25, ***relate directly to an underlying physical and tangible, thus meeting the transformation test*** as defined by *Abele*. Consequently, the claim meets at least the second prong of the *Bilski* machine-or-transformation test. Since Applicants have shown that claim 25 is patent-eligible, Applicants respectfully request the Examiner remove the rejection under 35 U.S.C. §101 with reference to claim 25 and claims 26-32 that depend therefrom.

Rejections under 35 U.S.C. §102(b)

On page 6 of the Office Action, the Examiner rejected claims 1-32 under 35 U.S.C. §102(b) as being anticipated by U.S. Patent No. 7,461,022 to Churchill et al. (*Churchill*). Since a *prima facie* case of anticipation has not been properly established, Applicants respectfully traverse the rejection.

In order to anticipate a claim, a reference must teach all limitations, arranged or combined in the same way as recited in Applicants' claim. The Court of Appeals for the Federal Circuit recently held

[U]nless a reference discloses within the four corners of the document ***not only all of the limitations claimed but also all of***

⁶ *Bilski* at 963, emphasis added.

the limitations arranged or combined in the same way as recited in the claim, it cannot be said to prove prior invention of the thing claimed and, thus, cannot anticipate under 35 U.S.C. § 102.⁷

Because *Churchill* fails to disclose all limitations of claims 1-32, these claims are not anticipated, and are thus novel.

In particular, amended independent claim 1 recites, *inter alia*,

[A] fixed price-setting process executed from the memory by the processor to:

determine that a high proxy bid submitted for an auction item is less than a reserve price set for the auction item, the high proxy bid being the highest current proxy bid for the auction item and the reserve price being the minimum price at which a seller is willing to sell the auction item, and

in response to the determining, cause the processor to automatically publish at least one of a proxy bid information set by a proxy bidder and the reserve price, the proxy bid information including the highest price that the proxy bidder is willing to pay for the item. (Emphasis added.)

Each of Applicants' other independent claims, namely claims 9, 17, and 25, share similar limitations with claim 1.

In contrast to Applicants' claimed elements, *Churchill* merely discusses a concept of an automated bidder whereby the bidder in "[a]nother embodiment of the present invention provides for the automated bidder or some aspect of bidding by proxy."⁸ *Churchill* further discusses a concept of an automated buyer whereby the buyer in "[a]nother embodiment of the present invention provides for the automated seller or some aspect of selling by proxy."⁹ These quotations from *Churchill* are the two only times the word "proxy" appears anywhere within the specification of *Churchill*. However, ***at no point does Churchill disclose or even hint at publishing information, automatically or otherwise, regarding at least one of a proxy bid information and the high proxy bid, and the reserve price.*** *Churchill* is completely silent on

⁷ *Net MoneyIn, Inc. v. Verisign, Inc.*, No. 2007-1565 at 17. (Fed. Cir. Oct. 20, 2008.) Emphasis added.

⁸ *Churchill* at col. 44, lines 49-51.

⁹ *Churchill* at col. 49, lines 31-32.

point. Since *Churchill* fails to disclose these elements, *Churchill* cannot and does anticipate Applicants' independent claims.

Applicants have shown that not all the claimed elements were known as required by the *Net MoneyIn* court. Applicants therefore respectfully request the Examiner to reconsider and withdraw the rejection under 35 U.S.C. §102(b) with regard to independent claims 1, 9, 17, and 25.

Further, since claims 2-8, 10-16, 18-24, and 26-32 depend either directly or indirectly from one of the independent claims just discussed, these dependent claims are also allowable for at least the same reasons as the independent claims from which they depend. Further these dependent claims each may contain additional patentable subject matter.

CONCLUSION

Applicants respectfully submit that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone the undersigned representative at (408) 660-2015 to facilitate prosecution of this application.

If necessary, please charge any additional fees or deficiencies, or credit any overpayments to Deposit Account No. 19-0743.

Respectfully submitted,

SCHWEGMAN, LUNDBERG & WOESSNER, P.A.

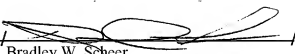
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Date 24 August 2009

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CERTIFICATE UNDER 37 CFR 1.8: The undersigned hereby certifies that this correspondence is being filed using the USPTO's electronic filing system EFS-Web, and is addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on August 24, 2009.

Chris Bartl

Name


Signature